

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS
PUERTO RICO HIGHWAY AND TRANSPORTATION AUTHORITY

RESOLUTION NO. 2008- 31

RESOLUTION AUTHORIZING A LOAN FROM GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO TO PAY THE COSTS INCURRED OR TO BE INCURRED IN THE ACQUISITION, CONSTRUCTION, EQUIPPING, INSTALLATION AND DEVELOPMENT OF THE AUTHORITY'S TRANSPORTATION FACILITIES AND AUTHORIZING THE EXECUTION AND DELIVERY BY THE AUTHORITY OF A LOAN AGREEMENT AND THE TAKING OF RELATED ACTIONS IN CONNECTION THEREWITH

WHEREAS, Puerto Rico Highway and Transportation Authority (the "Authority") needs interim financing for the payment of costs incurred or to be incurred in the acquisition, construction, equipping, installation and development of certain additional Transportation Facilities of the Authority, as defined in the Resolution hereinafter mentioned, as provided in the Authority's priorities construction program; and

WHEREAS, Government Development Bank for Puerto Rico (the "Bank") has advised the Authority that it is willing to provide to the Authority interim financing in an aggregate principal amount not to exceed \$147,113,000.00, in accordance with the terms and conditions herein below set forth.

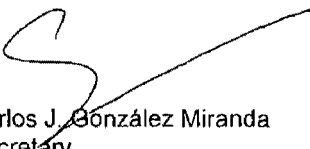
yp NOW, THEREFORE, BE IT RESOLVED by the Secretary of Transportation and Public Works:

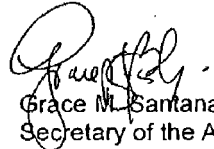
1. The Authority is authorized to accept all the terms and conditions of a loan in a principal amount not to exceed \$147,113,000.00, for the purpose of financing costs incurred or to be incurred in the acquisition, construction equipping, installation and development of certain additional Transportation Facilities chargeable to the capital account of the "Authority" (the "Loan") as included in its Construction Improvement Program for Fiscal Year 2009. Proceeds of the Loan also may be used to pay such costs or to reimburse the Authority's Construction Fund created and established under Resolution No. 68-18, adopted by the Authority on June 13, 1968, as amended, (the "1968 Resolution"), or the Authority's Construction Fund created and established under Resolution No. 98-06, adopted on February 26, 1998, as amended, (the "1998 Resolution") (collectively, the "Resolutions"), for the payment of such costs. The Loan shall mature on such date as the Bank may determine.
2. The obligation of the Authority to pay the principal amount outstanding of the Loan at maturity shall be payable from proceeds of the Operational Management Agreement for the Private/Public Partnership on Highway PR-22 to be entered by the Authority with a third party yet to be determined or with the proceeds of bonds to be issued by the Authority pursuant to the provisions of the respective sections of the Resolutions. The Loan Agreement (the "Agreement") will provide other sources of repayment should the Authority be unable to repay the loan with the above mentioned mechanisms. The Loan shall bear interest until paid in full at a rate or rates per annum determined by the Bank in accordance with the terms of the Loan Agreement (the "Agreement"). Interest shall be payable monthly in arrears not later than the tenth Banking Day (as defined in the Agreement) following receipt from any proceeds of the Loan set aside as capitalized interest thereon and, to the extent proceeds of the Loan are not set aside, from unencumbered amounts available in the Construction Fund established under the Resolution. Not later than the fifth Banking Day of each month the Bank shall furnish to the Authority a written statement showing the amount of interest due and payable by the Authority on the Loan for the preceding month. The Authority may prepay

the Loan at any time without penalty or premium. The Loan shall be junior and subordinate to certain other obligations of the Authority and shall be subject to certain other terms and conditions, all as contained in the Agreement.

3. The execution and delivery by the Executive Director of the Authority of an Agreement by and between the Authority and the Bank, and the note or notes evidencing the Loan are hereby authorized, and said Agreement and notes shall be substantially in the forms presented to me this day and executed in the manner therein set forth with only such changes, insertions and omissions as shall be approved by the Executive Director, his execution of the Agreement to be conclusive evidence of his approval of all such changes, insertions and omissions.
4. This Resolution is intended to be a declaration of official intent under U.S. Treasury Department Regulation Section 1.150-2.
5. The Authority agrees to comply, to the extent permitted by the Constitution and laws of the Commonwealth of Puerto Rico, with the requirements of the Internal Revenue Code of 1986, as amended, so that interest on the Loan shall remain excludable from gross income for federal income tax purposes of the recipients thereof to the same extent that such interest was excludable on the date of execution and delivery of the Agreement.
6. The Executive Director and the Officers, employees and agents of the Authority are hereby authorized and directed to take all actions necessary of them to carry out the provisions of this Resolution, including execution of the Agreement and said note or notes, the holding of any public hearings required by law and obtaining any all necessary consents and approvals which the Authority may be required to secure prior to entering into the Loan.
7. The provisions of this Resolution shall become effective immediately upon its adoption.

In San Juan, Puerto Rico, this 27 of June, 2008.


Carlos J. González Miranda
Secretary
Department of Transportation
And Public Works


Grace M. Santana Balado
Secretary of the Authority